

HEALTHY LIVING

What's good for you and what's not - by Courtney Perkes

After big tax hike, Californians smoke less

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July 27, 2010

The [biggest federal cigarette-tax increase in U.S. history apparently](#) was big enough to force a significant number of Californians to cut back on their smoking.

The State Board of Equalization, which collects a variety of taxes, reported Tuesday that Californians bought 8.1 percent less in taxed cigarettes during fiscal year 2010 than in the previous year. That's the largest decline since the 1999-2000 fiscal year, when the rate dropped 11.2 percent from the year before.

The federal excise tax went from 39 cents a pack last summer to \$1.10, raising the average price in California to about \$5.09. The state's excise tax is 87 cents a pack, which is [far below other Western states](#) like Washington (3.025 percent) and Arizona (2 percent). In New York City, where city taxes apply as well as state and federal, [a pack of smokes costs nearly \\$11](#).



Michelle Steel, who represents Orange County on the Board of Equalization, said in a statement that the new state report "points to health concerns, smoking restrictions and higher prices as key factors in the downward trend in tax-paid cigarette distributions."

California has the [second-lowest adult smoking rate in the nation](#) at 14 percent, behind only Utah at 9.3 percent. The [national average is 18.4 percent](#), the CDC says. West Virginia (which has an excise tax of 0.55 percent) has the highest smoking rate, 26.5 percent.

The Board of Equalization says cigarette sales have declined 65.6 percent over the past 30 years, at a rate of about 3.5 percent annually. That's an average of 59 million packs per year. Of course, there's no way to tell how many people are getting their cigarettes from sources that don't pay the tax, so that could be partly responsible for the drop in sales. No estimates have yet been released on the extent of the "tax evasion" related to the federal tax hike.

"Even people addicted to cigarettes will change their behavior when faced with higher taxes," Steel said in an e-mail. "They will either smoke less, or find a way to avoid the higher price through tax evasion. We see the same thing with non-addictive retail products, when taxes go up, consumers either buy less, or they shop out of state to avoid the tax. This is further proof that higher taxes grow the underground economy while shrinking state revenue."

People smoking less means less revenue for state programs that rely on the excise tax. The BOE collected \$913 million in FY2008-09 (the fiscal year begins July 1), but for the most recent year collections were only \$839 million. The money helps fund health education, breast-cancer research and early-childhood development, among other programs.

Trying to quit? Call the [California Smokers' Helpline](#) at 1-800-NO-BUTTS.